

8 Which pair of economic institutions can be found in a market economy?

- A** charities and public sector firms
- B** multinational companies and commercial banks
- C** public sector firms and private sector firms
- D** stock exchanges and government-funded hospitals

8 How are economic decisions determined in a market economic system?

- A** by a mixture of market forces and government intervention
- B** by central planners of production and consumption
- C** by government regulation of the price mechanism
- D** by the forces of demand and supply

9 What would a person believe who wished to encourage the use of the market system?

- A** people should have equal living standards
- B** people should have freedom of action
- C** profit maximisation is wrong
- D** the government should correct people's bad behaviour

9 Which combination correctly describes features of a market economic system?

	resource allocation	ownership of land and capital
A	by government	private sector
B	by government	public sector
C	by price mechanism	private sector
D	by price mechanism	public sector

- 3** The public sector in Andorra is focusing on developing the healthcare, biotechnology and sports industries. Andorra has the natural advantage of being a mountainous country. Several winter sports firms in Andorra have recently merged. This will affect the level of competition in the winter sports market in Andorra.

- (a) Define *public sector*. [2]
- (b) Explain **two** types of merger. [4]
- (c) Analyse how differences in healthcare can lead to differences in economic development between countries. [6]
- (d) Discuss whether or not competitive markets are beneficial for consumers. [8]

- 4** Nigeria has a mixed economic system. In January 2023, Nigeria had a high unemployment rate of 33% which created a number of costs. Its high inflation rate of 22% had several effects on the country's firms. In 2022 and the start of 2023, Nigerians increased their demand for foreign currency.

- (a) Identify **two** costs of unemployment. [2]
- (b) Explain how the key resource allocation decisions are made in a mixed economic system. [4]
- (c) Analyse the causes of an increase in the demand for foreign currency. [6]
- (d) Discuss whether or not inflation will harm a country's firms. [8]

- 8** Why does a government provide certain goods and services in a mixed economic system?

- A** The government always provides goods more cheaply than private firms.
- B** The government considers only private costs and private benefits.
- C** The government provides goods to prevent the development of monopolies.
- D** The government provides public goods because private firms cannot charge for them.